



# **Governmental Accounting and Compliance: The Basics**

A Presentation for the BWSR Academy  
Thursday October 28, 2010





# Agenda

**1. Why the Difference? Objectives**

**2. What are the Basics?**

**3. Watershed/SWCD Basics**

**4. Local Government Compliance**





# Objectives

- What makes governmental accounting different than private sector?
- Measurement Focus & Basis of Accounting
- What's a fund?
- Budgetary Accounting
- Financial Reporting
- Why should I know this stuff?





# How is Government different from Private Sector?

- PRIVATE SECTOR

- Exists to enhance owners wealth
- Are free to provide only those goods and services they feel will enhance their profits
- Harmony in purpose-make a PROFIT
- Are NOT restricted to use resources in certain areas of their business
- Budgets are used for INTERNAL purposes and are NOT the force of law
- Continuity in leadership

- GOVERNMENT

- Exist to provide goods and services to their constituents
- Are required by law to provide certain services
- LACK harmony in purpose-different agendas and different politics
- Financial resources have restrictions
- Budgets are used BOTH internally and externally and ARE a force of law
- Do NOT have a continuity of leadership?

Different Objectives





# Users of Accounting Information

- PRIVATE SECTOR
  - Shareholders
  - Securities Exchange Commission
  - Lending Institutions
  - Internal Management
- GOVERNMENT
  - Taxpayers
  - Donors
  - Investors
  - Bond Rating Agencies
  - Grantors
  - Political Groups
  - Internal Management

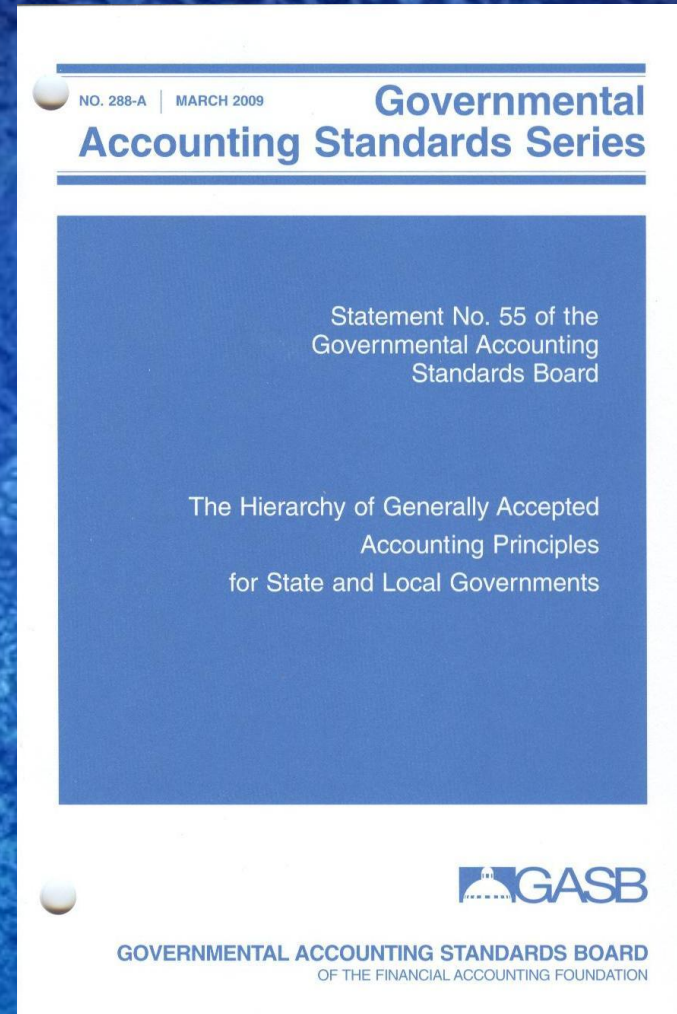
Different and More Users





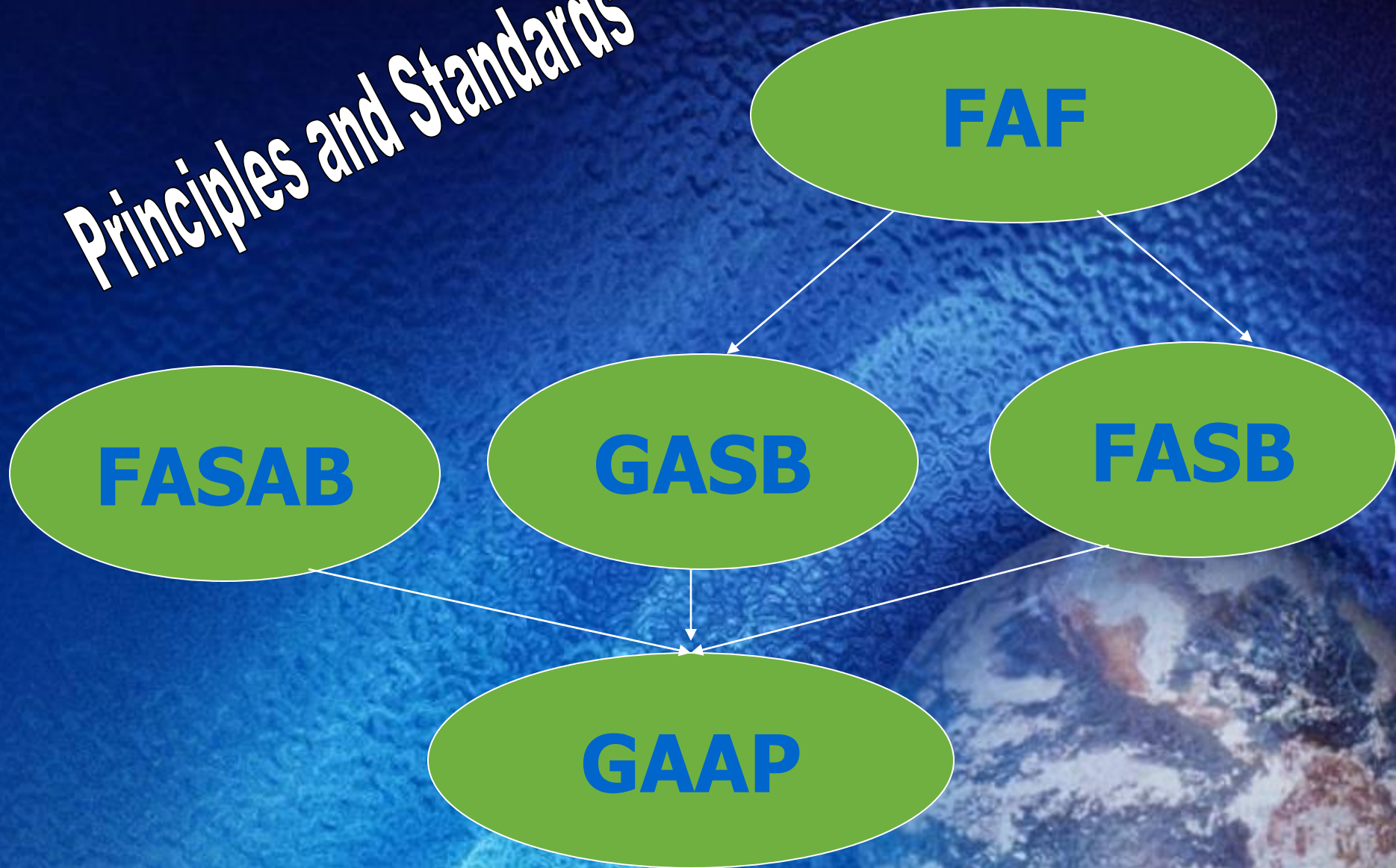
# State and Local Government GAAP

- GASB - Governmental Accounting Standards Board
- What is GAAP?
  - Generally Accepted Accounting Principles
    - standard framework of guidelines for financial accounting
    - includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements





# Principles and Standards



Different Accounting Standards



# Acronyms...

- FAF - Financial Accounting Foundation oversees GASB and FASB
- GASB - Governmental Accounting Standards Board
- FASB - Financial Accounting Standards Board
- FASAB - Federal Accounting Standard Advisory Board
- GAAP - Generally Accepted Accounting Principles
- OCBOA - Other Comprehensive Basis of Accounting





# Basis of Accounting

When Recorded

GAAP

Modified  
Accrual

Full  
Accrual

Regulatory

**Different  
Transaction  
Cycles**

Cash

Modified  
Cash

OCBOA





# Other Comprehensive Bases of Accounting (OCBOA)

- Cash Basis
- Modified Cash
- Regulatory
- Other Standard Setting
  - AICPA Auditing Standards
  - OSA reporting
  - General practice





# Bases of Accounting

- Cash
- Modified Cash
- Regulatory
- Modified Accrual
- Accrual
- Receipts and disbursements
- Add GAAP items
- Regulatory authority
- Governmental GAAP
- Government-wide and Proprietary GAAP





# What's the Difference?

- Cash
  - What's in the checkbook?
- Modified cash
  - Could add savings and investment accounts
- Modified Accrual
  - Add current receivables and payables
  - Maybe some inventory
  - Deferred revenue
- Full Accrual
  - Add the house and the mortgage.





# What is the Same?

- Double entry accounting
  - Two entries for every transaction
  - Debits = Credits
    - + or – depending on the type of account
- Everything should balance
  - Assets = Liabilities + Equity





# Objectives of Financial Reporting

- Fulfill government's duty to be publicly accountable to constituents
- Evaluate operating results for the year
- Assess level of services provided
- Assess financial position
- Disclose restrictions and risk potential loss of revenue sources





# Unique Characteristics of Governmental Accounting

1. Use of Fund Accounting
2. Measurement Focus and Basis of Accounting or MFBA
3. Impact of compliance





# What's a Fund?

- **Fund:** A self contained accounting entity with its own asset, liability, revenue, expenditure or expense and fund balance or net assets accounts.
  - Separate buckets
- All part of one entity





# Why Separate Funds?

- Accountability of Resources
  - Required by law, contract, agreement
- Nature of use
  - Fund Types
    - Current Operations
      - General Fund
      - Special Revenue Funds
        - » Restricted or committed revenue source
    - Longer-term outcomes
      - Debt service
      - Capital projects
- Division of responsibility
  - Different departments/structures





# Fund Types

- GOVERNMENTAL FUNDS

- General Fund
- Special Revenue Fund
- Capital Project Fund
- Debt Service Fund
- Permanent Fund

- PROPRIETARY FUNDS

- Enterprise Funds
- Internal Service Funds

- FIDUCIARY FUNDS

- Agency Funds
- Pension Funds
- Investment Trust Funds
- Private Purpose Trust Funds





# Governmental Funds

FUND CATEGORY	FUND TYPE	EXAMPLE TRANSACTIONS		MEASUREMENT FOCUS	BASIS OF ACCOUNTING	FINANCIAL STATEMENTS REQUIRED
		REVENUE	EXPENDITURE/EXPENSE			
Governmental	General	Sales taxes	Police salaries	Current financial resources flow (revenues and expenditures)	Modified accrual	Governmental Fund Balance Sheet
	Special Revenue	Gasoline tax	Street and highway maintenance			Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances
	Capital Projects	Bond proceeds	Building construction			
	Debt Service	Property taxes or special assessments	Bond interest and principal repayment			
	Permanent	Earnings on permanently restricted resources are used to finance expenditures of specific governmental programs, such as cemetery maintenance.				





# Governmental Funds

- General Fund-
  - Accounts for day to day operations;
  - Everything not accounted for in another fund
  - Can only have ONE General Fund
  - Always a major fund
  - Only fund for most SWCDs or WMOs
  - Administrative Fund for WDs





# Governmental Funds

- Special Revenue Funds-
  - Accounts for proceeds of specific revenue sources that should be restricted or committed (used) for specific purposes
  - Sometimes required by law
  - Examples
    - Water Management
    - 509 Plan Implementation
    - Water Maintenance and Repair
    - Survey and Data Acquisition





# Governmental Funds

- Capital Project Funds-
  - Accounts for financial resources used for acquisition or construction of major assets
  - Either
    - By individual project, or
    - One fund





# Governmental Funds

- Debt Service Fund-
  - Accounts for accumulation of resources that will be used to pay general long-term debt
  - Either
    - Individual debt issues,
    - One fund, or
    - Group of debt issue type





# Governmental Funds

- Permanent Fund-
  - Accounts for resources that are legally restricted to the extent that only earnings, not principal, can be spent.
  - Program must benefit the government or its citizenry, not a specific group or organization.
  - Not common
  - Usually a donation





# Measurement Focus & Basis of Accounting (MFBA)

- Measurement Focus tells you WHAT to recognize
- Basis of Accounting tells you WHEN to recognize it





# Two MFBA's in Governmental Accounting - Type #1

- Economic Resources Measurement Focus and Accrual Basis of Accounting
- WHAT:
  - Economic resource measurement focus considers ALL inflows, outflows and balances affecting or reflecting on an entity's net assets.
    - Current and Noncurrent Items





# Two MFBA's in Governmental Accounting - Type #1

- Full Accrual Basis
- WHEN:
  - Accrual basis of accounting recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.
    - When service provided
    - When wages are earned





# Recognizing Revenue and Expense

- Recognizing a revenue
  - Earned –
    - DR Receivable
    - CR Revenue
- Recognizing an expense
  - Incurred (goods or services received)
    - DR Expense
    - CR Salaries payable





# Two MFBA's in Governmental Accounting - Type #2

- Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting
- WHAT: Current financial resource measurement focus only considers SHORT-TERM or CURRENT inflows, outflows and balances of expendable financial resources.
  - Generally only current items





# Two MFBA's in Governmental Accounting - Type #2

- Modified Accrual
- WHEN:
  - Modified accrual basis of accounting in which:
    - Revenues are recognized in the accounting period in which they become available and measurable.
      - Availability period (60 days common)
    - Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
      - Fund liability generally when due.





# Revenues and Expenditures

- Recognizing a revenue:
  - Received within availability period –
    - DR Receivable
    - CR Revenue
  - Not received within availability period –
    - DR Receivable
    - CR Deferred Revenue (liability account)
- Recognizing a expenditure:
  - Amount due from available resources
    - DR Expenditure
    - CR Accounts payable
  - Not due from available resources
    - No entry made at fund level





# How can you tell MFBA by looking at a financial statement?

- Modified
  - Expenditures (Capital Outlay and Principal Payments)
  - $\text{Assets} - \text{Liabilities} = \text{Fund Balance}$
  - Only Current Assets and Current Liabilities Shown
- Myopic View \*
  - No Long-term Assets means no Depreciation Expense
- Full Accrual
  - Expenses
  - $\text{Assets} - \text{Liabilities} = \text{Net Assets}$
  - Current AND Long-Term Assets and Liabilities Shown
- Long-term View \*
  - Depreciation Expense Included in Operating





# CAFR - Comprehensive Annual Financial Report

## AFR - Annual Financial Report

- 3 Things to Comply with GAAP
- Statistical Section not required for GAAP

**MD&A**

**Basic Financial  
Statements**

**Required  
Supplementary  
Information**

**Statistical  
Section**





# Auditor's Opinion

## Introductory Paragraph:

- What is being audited and whose responsible
  - We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Watershed District as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Watershed District's management. Our responsibility is to express opinions on these financial statements based on our audit.

## Scope Paragraph:

- What standards and what procedures
  - We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

## Opinion Paragraph:

- Auditor's opinion on the accuracy of the financial statements
  - In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Watershed District as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





# Auditor's Opinion (Continued)

## Required Supplementary Information Paragraph:

- Describes the limited procedures performed on RSI
  - The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

## Other Information Paragraph:

- What was done relating to other information-
  - Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Watershed District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.





# Management's Discussion and Analysis

- A narrative discussion of the entity's financial position and activity for the current year.
- ONLY required elements





**SOIL AND WATER CONSERVATION DISTRICT  
, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007  
(Unaudited)**

The Soil and Water Conservation District's Management's Discussion and Analysis (MD&A) provides an overview of the District's financial activities for the fiscal year ended December 31, 2007. Since the information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements.

Governmental Accounting Standards Board (GASB) Statement 34 requires governments to include summarized comparative financial information in the MD&A. Only one year of data is provided here because this is the first year the District has reported in accordance with GASB Statement 34. Subsequent years will provide comparative information.

**KEY FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2007**

- Net assets increased \$36,173 from fiscal year 2006.
- Revenue for fiscal year 2007 exceeded the final budgeted expectation by \$54,482.
- Fund balance increased by \$37,523 from fiscal year 2006.

**USING THIS ANNUAL REPORT**

This annual report consists of two parts: the MD&A and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. Since soil and water conservation districts are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. The Soil and Water Conservation District has elected to present in this format.





# Basic Financial Statements

- Government-wide
  - Statement of Net Assets
  - Statement of Activities
- Fund Level
  - Governmental
  - Proprietary
  - Fiduciary
  - Component Units
- Notes







# **Government-Wide Financial Statements**





# Statement of Net Assets

## STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2008

### ASSETS

#### Current Assets:

Petty cash	\$ 100
Pooled cash and investments	<u>2,105,633</u>
Total Current Assets	<u>2,105,733</u>

#### Capital Assets:

Property and equipment	7,685,770
Less: accumulated depreciation	<u>(533,593)</u>
Net Capital Assets	<u>7,152,177</u>

TOTAL ASSETS	<u>9,257,910</u>
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### LIABILITIES

Current portion of loan payable	<u>30,901</u>
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State loan payable, net of current portion	<u>15,450</u>
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TOTAL LIABILITIES	<u>46,351</u>
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### NET ASSETS

Investment in capital assets, net of related debt	7,105,826
Unrestricted	<u>2,105,733</u>

TOTAL NET ASSETS	<u>\$ 9,211,559</u>
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# Statement of Activities

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2008

FUNCTION/PROGRAMS	Expenses			Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Direct	Allocated Salaries & Overhead	Total	Special Assessments and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General and administrative construction	\$ (524,056)	\$ 452,223	\$ (71,833)	\$ 7,424	\$ -	\$ -	\$ (64,409)
Ongoing projects and studies	(452,513)	(98,538)	(551,051)	96,306	16,000	-	(438,745)
Capital projects	(507,075)	(353,685)	(860,760)	13,360	-	677,921	(169,479)
Payments to RRWMB	(860,916)	-	(860,916)	-	-	-	(860,916)
Allocated interest	(38,818)	-	(38,818)	-	-	-	(38,818)
Total Governmental Activities	<u>\$ (2,383,378)</u>	<u>\$ -</u>	<u>\$ (2,383,378)</u>	<u>\$ 117,090</u>	<u>\$ 16,000</u>	<u>\$ 677,921</u>	<u>(1,572,367)</u>
General Revenues:							
Tax levies							1,687,667
Intergovernmental, (not restricted to specific programs)							
State MV and disparity reduction credits							216,035
Allocated interest							<u>110,518</u>
Total General Revenue							<u>2,014,220</u>
Changes in Net Assets							441,853
Net Assets - Beginning							<u>8,769,706</u>
Net Assets - Ending							<u>\$ 9,211,559</u>







# **Fund Level Financial Statements**





# Balance Sheet

## Assets

Cash  
Investments  
Receivables  
Inventories  
Prepays

## Liabilities

Accounts payable  
Salaries payable  
Due to other governments  
Deferred revenue

## Fund Balance

Reserved  
Unreserved  
-Designated  
-Undesignated

$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}$$





**WATERSHED DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2008

**Statement 3**

Assets	Operations	Capital Improvement	Total Governmental Funds 2008
Cash and short-term investments	\$1,271,060	\$2,689,545	\$3,960,605
Due from other governments	-	19,089	19,089
Taxes receivable:			
Delinquent	43,916	4,222	48,138
Due from county	10,911	1,049	11,960
Prepaid items	4,918	-	4,918
<b>Total assets</b>	<b>\$1,330,805</b>	<b>\$2,713,905</b>	<b>\$4,044,710</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$117,840	\$873	\$118,713
Contracts payable	62,056	1,594,590	1,656,646
Deposits payable	169,739	-	169,739
Deferred revenue	43,916	23,309	67,225
<b>Total liabilities</b>	<b>393,551</b>	<b>1,618,772</b>	<b>2,012,323</b>
Fund balance:			
Unreserved:			
Designated:			
Special Revenue Fund	-	1,095,133	1,095,133
Undesignated:			
Operations	937,254	-	937,254
<b>Total fund balance</b>	<b>937,254</b>	<b>1,095,133</b>	<b>2,032,387</b>
<b>Total liabilities and fund balance</b>	<b>\$1,330,805</b>	<b>\$2,713,905</b>	<b>\$4,044,710</b>
Fund balance reported above			\$2,032,387
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.			6,897,755
Long-term liabilities, including compensated absences and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			(1,543,592)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			67,225
<b>Net assets of governmental activities</b>			<b>\$7,453,775</b>





# Watershed Balance Sheet

## EXHIBIT 1

### GOVERNMENTAL FUNDS BALANCE SHEET AND GOVERNMENTAL ACTIVITIES - STATEMENT OF NET ASSETS WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL DECEMBER 31, 2007

	General Fund	Operations and Maintenance	Ditch	Total	Adjustments	Governmental Activities
<b>Assets</b>						
Cash and pooled investments	\$ 822,817	\$ 57,354	\$ 50,153	\$ 930,324	\$ -	\$ 930,324
Cash held in trust	1,568,554	-	-	1,568,554	-	1,568,554
Taxes receivable						
Prior	20,059	423	-	20,482	-	20,482
Due from other governments	24,494	413	-	24,907	-	24,907
Noncurrent assets						
Capital assets						
Depreciable - net	-	-	-	-	18,124	18,124
<b>Total Assets</b>	<b>\$ 2,435,924</b>	<b>\$ 58,190</b>	<b>\$ 50,153</b>	<b>\$ 2,544,267</b>	<b>\$ 18,124</b>	<b>\$ 2,562,391</b>
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 1,859	\$ -	\$ -	\$ 1,859	\$ -	\$ 1,859
Salaries payable	6,260	-	-	6,260	-	6,260
Contracts payable	17,182	-	-	17,182	-	17,182
Due to other governments	59,278	-	-	59,278	-	59,278
Deferred revenue - unavailable	20,059	423	-	20,482	(20,482)	-
Funds held in trust	1,568,554	-	-	1,568,554	-	1,568,554
Long-term liabilities						
Due in more than one year	-	-	-	-	25,601	25,601
<b>Total Liabilities</b>	<b>\$ 1,673,192</b>	<b>\$ 423</b>	<b>\$ -</b>	<b>\$ 1,673,615</b>	<b>\$ 5,119</b>	<b>\$ 1,678,734</b>
<b>Fund Balance/Net Assets</b>						
Fund Balance						
Unreserved, designated for working capital cash flow	\$ 309,000	\$ -	\$ -	\$ 309,000	\$ (309,000)	
Undesignated	453,732	57,767	50,153	561,652	(561,652)	
<b>Total Fund Balance</b>	<b>\$ 762,732</b>	<b>\$ 57,767</b>	<b>\$ 50,153</b>	<b>\$ 870,652</b>	<b>\$ (870,652)</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,435,924</b>	<b>\$ 58,190</b>	<b>\$ 50,153</b>	<b>\$ 2,544,267</b>		
<b>Net Assets</b>						
Invested in capital assets					\$ 18,124	\$ 18,124
Unrestricted					865,533	865,533
<b>Total Net Assets</b>					<b>\$ 883,657</b>	<b>\$ 883,657</b>





# Reconciliation

**EXHIBIT 1**  
**(Continued)**

**GOVERNMENTAL FUNDS BALANCE SHEET AND  
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET ASSETS  
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
DECEMBER 31, 2007**

**Reconciliation of the Governmental Fund Balance to Net Assets**  
**Fund Balance - Governmental Funds**

**\$ 870,652**

Total net assets reported for governmental activities are different because:

Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported as assets in the funds.

18,124

Long-term liabilities are not due and payable in the current period and, accordingly, are  
not reported as liabilities in the funds.

(25,601)

Revenues in the statement of activities that do not provide current financial resources  
are not reported as revenues in the funds.

20,482

**Net Assets - Governmental Activities**

**\$ 883,657**





**SOIL AND WATER CONSERVATION DISTRICT  
, MINNESOTA**

**EXHIBIT 1**

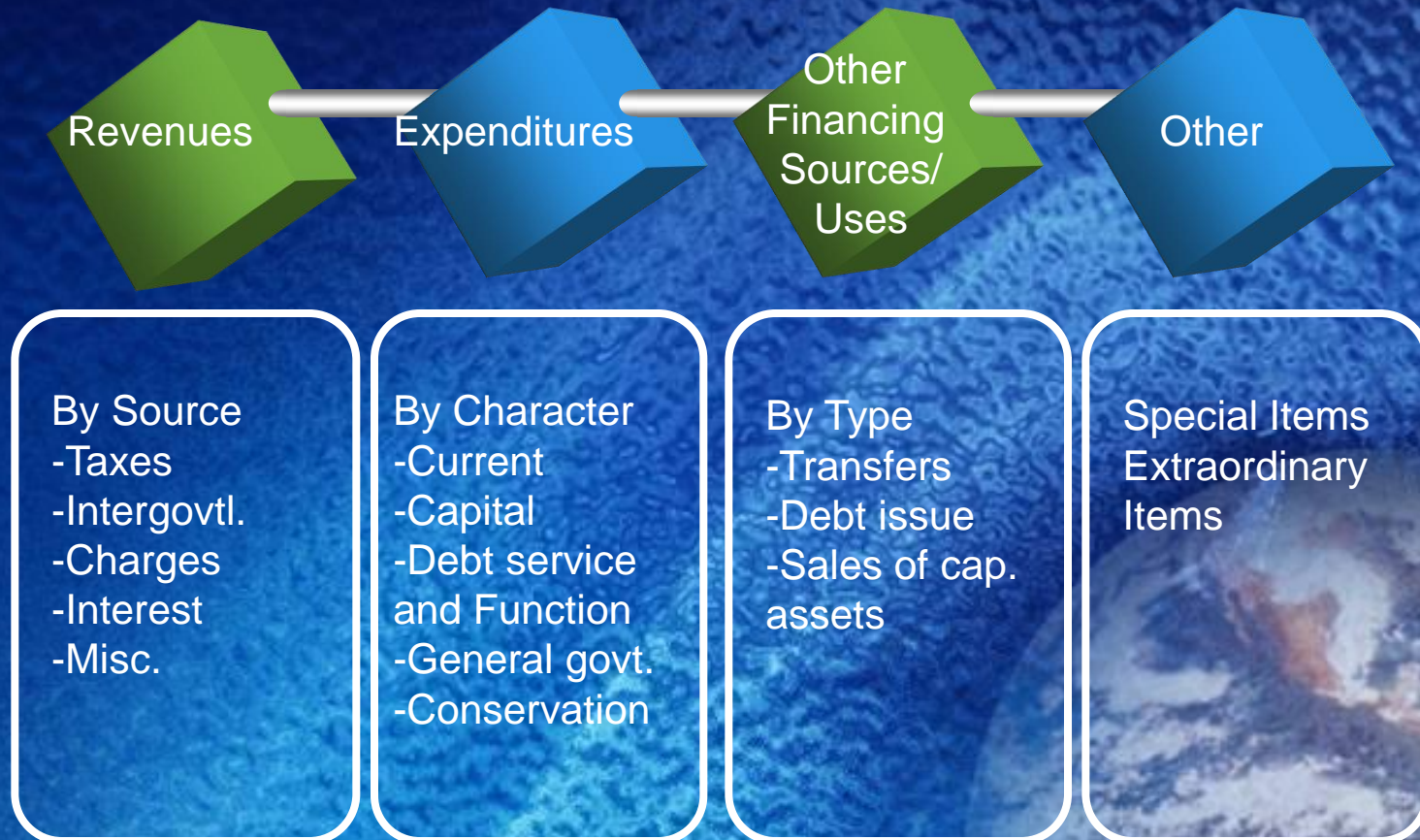
**GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES  
STATEMENT OF NET ASSETS  
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<b><u>Assets</u></b>			
Cash and investments	\$ 240,772	\$ -	\$ 240,772
Accounts receivable	668	-	668
<b>Total Assets</b>	<b><u>\$ 241,440</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 241,440</u></b>
<b><u>Liabilities</u></b>			
Current liabilities			
Accounts payable	\$ 60	\$ -	\$ 60
Salaries payable	1,733	-	1,733
Due to other governments	4,223	-	4,223
Deferred revenue - unavailable	535	(535)	-
Deferred revenue - unearned	66,480	-	66,480
Performance bond payable	6,062	-	6,062
Noncurrent liabilities			
Due after one year	-	29,847	29,847
<b>Total Liabilities</b>	<b><u>\$ 79,093</u></b>	<b><u>\$ 29,312</u></b>	<b><u>\$ 108,405</u></b>
<b><u>Fund Balance/Net Assets</u></b>			
Fund Balance			
Unreserved			
Undesignated	162,347	\$ (162,347)	
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 241,440</u></b>		
Net Assets			
Unrestricted		<b><u>\$ 133,035</u></b>	<b><u>\$ 133,035</u></b>
<b>Reconciliation of the General Fund Balance to Net Assets</b>			
Fund Balance - General Fund			\$ 162,347
Compensated absences are reported in the Statement of Net Assets but not in the Fund Balance Sheet.			(29,847)
Deferred revenue - unavailable becomes revenue under full accrual.			535
<b>Net Assets - Governmental Activities</b>			<b><u>\$ 133,035</u></b>





# Operating Statement





# Operating Statement

EXHIBIT 2

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES  
WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Operations and Maintenance	Ditch	Total	Adjustments	Governmental Activities
<b>Revenues</b>						
Taxes	\$ 671,078	\$ 11,382	\$ -	\$ 682,460	\$ 6,597	\$ 689,057
Special assessments	-	-	12	12	-	12
Licenses and permits	42,411	-	-	42,411	-	42,411
Intergovernmental	38,198	644	-	38,842	-	38,842
Charges for services	17,098	-	-	17,098	-	17,098
Investment income	107,173	-	-	107,173	-	107,173
Miscellaneous	957	-	-	957	-	957
<b>Total Revenues</b>	<b>\$ 876,915</b>	<b>\$ 12,026</b>	<b>\$ 12</b>	<b>\$ 888,953</b>	<b>\$ 6,597</b>	<b>\$ 895,550</b>
<b>Expenditures/Expenses</b>						
<b>Current</b>						
Conservation of natural resources	\$ 653,722	\$ 3,640	\$ -	\$ 657,362	\$ 463	\$ 657,825
Depreciation	-	-	-	-	10,199	10,199
<b>Total Expenditures/Expenses</b>	<b>\$ 653,722</b>	<b>\$ 3,640</b>	<b>\$ -</b>	<b>\$ 657,362</b>	<b>\$ 10,662</b>	<b>\$ 668,024</b>
<b>Net Change in Fund Balance/ Net Assets</b>	<b>\$ 223,193</b>	<b>\$ 8,386</b>	<b>\$ 12</b>	<b>\$ 231,591</b>	<b>\$ (4,065)</b>	<b>\$ 227,526</b>
<b>Fund Balance/Net Assets</b>						
January 1	539,539	49,381	50,141	639,061	17,070	656,131
December 31	<u>\$ 762,732</u>	<u>\$ 57,767</u>	<u>\$ 50,153</u>	<u>\$ 870,652</u>	<u>\$ 13,005</u>	<u>\$ 883,657</u>





# Reconciliation

## EXHIBIT 2 (Continued)

### GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL FOR THE YEAR ENDED DECEMBER 31, 2007

#### Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities Net Change in Fund Balance

\$ 231,591

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current year depreciation (10,199)

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences (463)

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in tax revenue deferred as unavailable.

Deferred revenue - December 31

\$ 20,482

Deferred revenue - January 1

(13,885)

6,597

#### Change in Net Assets of Governmental Activities

\$ 227,526





**SOIL AND WATER CONSERVATION DISTRICT  
, MINNESOTA**

*EXHIBIT 2*

**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES  
STATEMENT OF ACTIVITIES WITH ADJUSTMENTS TO CONVERT MODIFIED TO FULL ACCRUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund	Adjustments	Governmental Activities
<b>Revenues</b>			
Intergovernmental	\$ 169,576	\$ -	\$ 169,576
Charges for services	17,528	88	17,616
Interest on investments	8,039	-	8,039
Miscellaneous	62,499	-	62,499
<b>Total Revenues</b>	<b>\$ 257,642</b>	<b>\$ 88</b>	<b>\$ 257,730</b>
<b>Expenditures/Expenses</b>			
Conservation of natural resources			
District operations			
Personal services	\$ 153,770	\$ 1,438	\$ 155,208
Other services and charges	12,755	-	12,755
Supplies	1,078	-	1,078
<b>Total district operations</b>	<b>\$ 167,603</b>	<b>\$ 1,438</b>	<b>\$ 169,041</b>
Project expenditures			
State	\$ 15,556	\$ -	\$ 15,556
District	36,960	-	36,960
<b>Total project expenditures</b>	<b>\$ 52,516</b>	<b>\$ -</b>	<b>\$ 52,516</b>
<b>Total Expenditures/Expenses</b>	<b>\$ 220,119</b>	<b>\$ 1,438</b>	<b>\$ 221,557</b>
<b>Net Change in Fund Balance/Net Assets</b>	<b>\$ 37,523</b>	<b>\$ (1,350)</b>	<b>\$ 36,173</b>
<b>Fund Balance/Net Assets - January 1</b>	<b>124,824</b>	<b>(27,962)</b>	<b>96,862</b>
<b>Fund Balance/Net Assets - December 31</b>	<b>\$ 162,347</b>	<b>\$ (29,312)</b>	<b>\$ 133,035</b>
<b>Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities of Governmental Activities</b>			
Net Change in Fund Balance			\$ 37,523
Deferred revenue - unavailable becomes revenue under full accrual.			88
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(1,438)
<b>Change in Net Assets of Governmental Activities</b>			<b>\$ 36,173</b>





# Notes to the F/S

## SOIL AND WATER CONSERVATION DISTRICT , MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

---

#### 1. Summary of Significant Accounting Policies

The financial reporting policies of the Soil and Water Conservation District (the District) conform to accounting principles generally accepted in the United States of America.

##### A. Financial Reporting Entity

The District was organized under the provisions of Minnesota statutes, chapter 103C, and is governed by a Board of Supervisors composed of five members nominated by voters of the District and elected to four-year terms by the voters of the County.

The purpose of the District is to assist County land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habitats.

The District, in cooperation with the U.S. Department of Agriculture's Natural Conservation Service and other agencies, provides technical and financial assistance to individuals, groups, organizations, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution, and improper land use.

Each fiscal year the District develops a work plan which is used as a guide in using resources effectively to provide maximum conservation of all lands within its boundaries. The work plan includes guidelines for employees and technicians to follow in order to achieve the District's objectives.

The District is not considered a part of County because, even though the County provides a significant amount of the District's revenue in the form of an appropriation, it does not retain control over the operations of the District.





# Required Supplementary Information

- Required by GASB
  - Not audited
- Includes
  - Budgetary comparisons
  - Pension funding information
  - Modified approach for infrastructure
  - OPEB funding
  - Other





**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

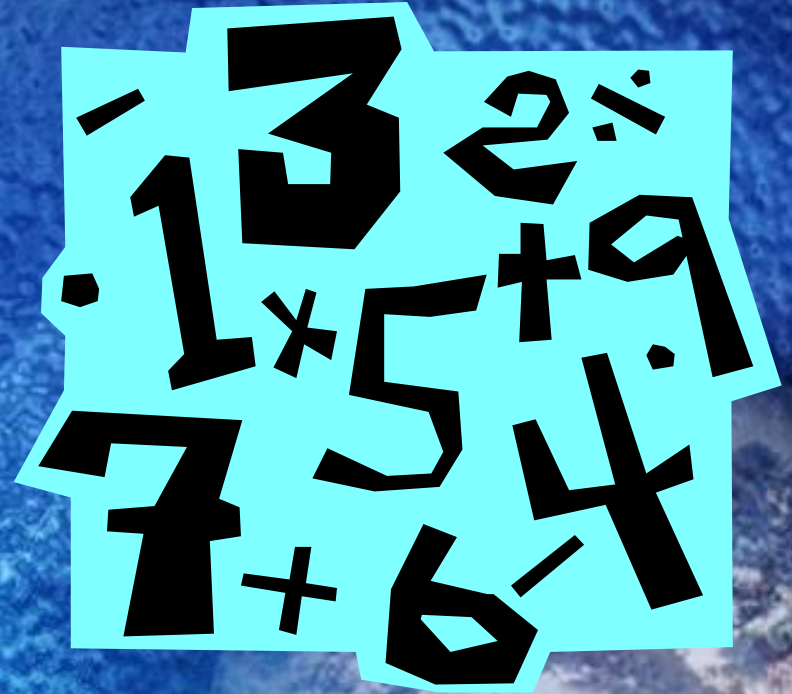
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Intergovernmental				
State grants	\$ 82,298	\$ 82,298	\$ 40,364	\$ (41,934)
County	98,262	98,262	129,212	30,950
<b>Total intergovernmental</b>	<b>\$ 180,560</b>	<b>\$ 180,560</b>	<b>\$ 169,576</b>	<b>\$ (10,984)</b>
Charges for services	14,000	14,000	17,528	3,528
Interest on investments	3,600	3,600	8,039	4,439
Miscellaneous	5,000	5,000	62,499	57,499
<b>Total Revenues</b>	<b>\$ 203,160</b>	<b>\$ 203,160</b>	<b>\$ 257,642</b>	<b>\$ 54,482</b>
<b>Expenditures</b>				
Conservation of natural resources				
District operations				
Personal services	\$ 133,828	\$ 133,828	\$ 153,770	\$ (19,942)
Other services and charges	12,108	12,108	12,755	(647)
Supplies	3,500	3,500	1,078	2,422
<b>Total district operations</b>	<b>\$ 149,436</b>	<b>\$ 149,436</b>	<b>\$ 167,603</b>	<b>\$ (18,167)</b>
Project expenditures				
State	\$ -	\$ -	\$ 15,556	\$ (15,556)
District	23,000	23,000	36,960	(13,960)
<b>Total project expenditures</b>	<b>\$ 23,000</b>	<b>\$ 23,000</b>	<b>\$ 52,516</b>	<b>\$ (29,516)</b>
<b>Total Expenditures</b>	<b>\$ 172,436</b>	<b>\$ 172,436</b>	<b>\$ 220,119</b>	<b>\$ (47,683)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 30,724</b>	<b>\$ 30,724</b>	<b>\$ 37,523</b>	<b>\$ 6,799</b>
<b>Fund Balance - January 1</b>	<b>124,824</b>	<b>124,824</b>	<b>124,824</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 155,548</b>	<b>\$ 155,548</b>	<b>\$ 162,347</b>	<b>\$ 6,799</b>





# Other Supplementary Information

- Additional financial information
  - May be needed for fair presentation
- Nonmajor funds
- Individual funds
- Other schedules
  - Lower level of audit responsibility





# Compliance and the Financial Statements

- Budgets
- Revenue Recognition
- Classifications





# Why Do I Have to Know This?

## Statement of Auditing Standards #115 *Communicating Internal Control Related Matters Identified in an Audit*

An issue that may cause concern is the extent to which your auditor may be involved in the drafting of an your financial statements. It is a strong indication of material weakness in internal control if your client has ineffective controls over the preparation of their financial statements such that client controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of financial statements, including the related footnotes. Although the auditor can propose adjustments and assist in assembling or drafting the financial statements, the auditor cannot establish or maintain the client's controls, including monitoring ongoing activities, since doing so would impair independence.

What it is saying is that you should understand what is included in your financial statements.





# Preparing Financial Statements

- Your auditor cannot prepare and then audit your financial statements
  - Unless you are able to understand the financial information included in the financial statements, including note disclosures.
- May need to hire someone other than your auditor to prepare F/S





# So What Do I Need to Know?

- Reporting model
  - GASB 34
- Cash
  - GASB 40 deposit risk disclosures
- Investments
  - GASB 31 Fair value reporting
  - GASB 40 investment risk disclosures
- Capital assets
  - GASB 34 Capitalize and depreciate
  - GASB 42 Impairment of a capital asset
  - GASB 51 Intangible assets





# What Else?

- Landfills
  - GASB 18
- Special assessments
  - GASB 6
- Cash flow reporting
  - GASB 9
- Advance refunding of debt
  - GASBs 7 and 23
- Risk management
  - GASBs 10 and 30
- The financial reporting entity
  - GASBs 14 and 39





# There's more...?

- Compensated Absences
  - GASB 16
- Certain grants
  - GASB 24
- Pensions
  - GASBs 25, 26, 27, and 50
- Non-exchange Transactions
  - GASBs 33 and 36
- Notes to the F/S
  - GASB 38
- OPEB
  - GASBs 43, 45 and 57
- Termination Benefits
  - GASB 47
- Sales and pledges of accounts receivable
  - GASB 48
- Pollution remediation obligations
  - GASB 49
- Intangible assets
  - GASB 51
- Land held for investment
  - GASB 52
- Derivatives
  - GASB 53
- Fund balance
  - GASB 54
- And more to come....





# STOP!!!!





# Compliance

- Minnesota Statutes
- Minnesota Rules
- Federal compliance
- Grant agreements
- Contract agreements
- Rules, Rules, Rules...



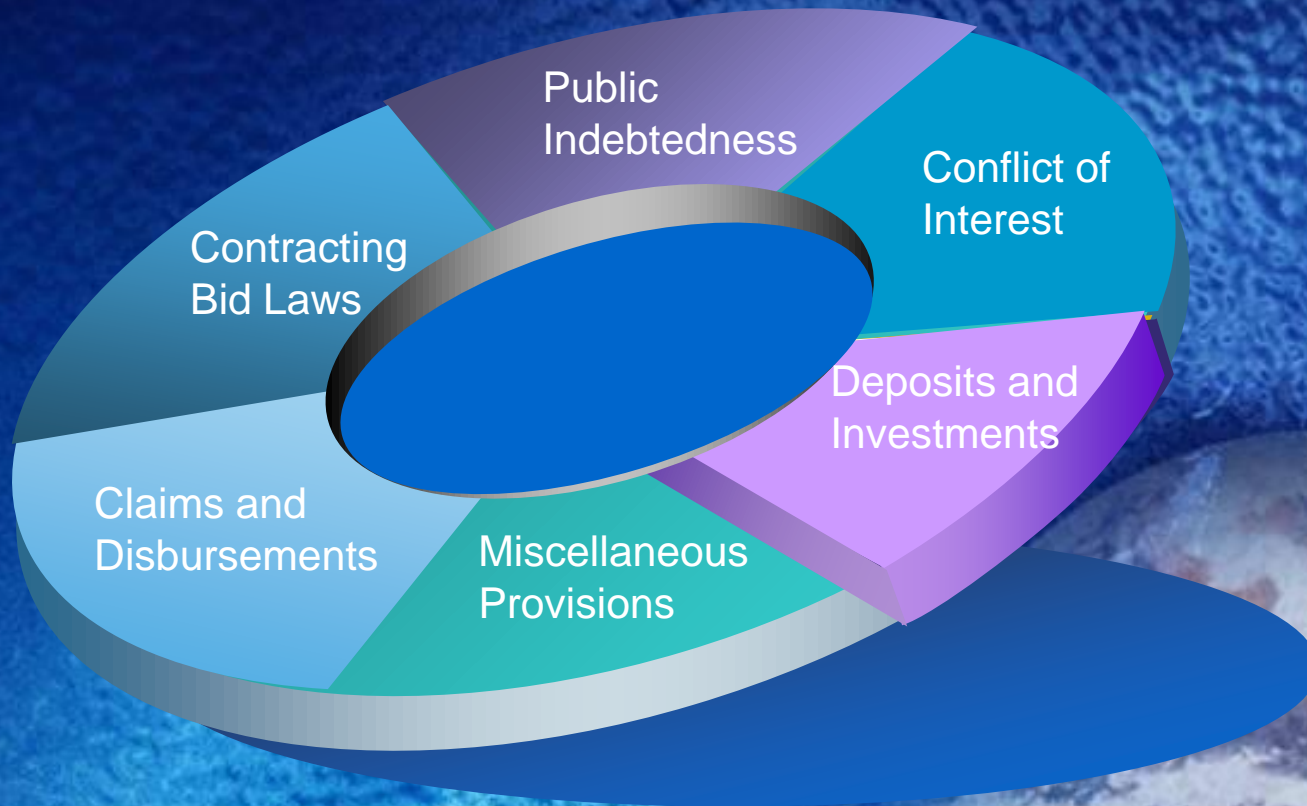


# Minnesota Legal Compliance





# Minnesota Legal Compliance







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### 2009 Minnesota Legal Compliance Audit Guide for Local Government

#### • PDF Format: Available as Complete Guide or in sections

- [Complete Guide \(pdf, 1.1m\)](#)
- [Introduction \(pdf, 32k\)](#)
- [1. Depositories of Public Funds and Public Investments \(pdf, 105k\)](#)
- [2. Conflicts of Interest \(pdf, 66k\)](#)
- [3. Public Indebtedness \(pdf, 139k\)](#)
- [4. Contracting - Bid Laws \(pdf, 113k\)](#)
- [5. Claims and Disbursements \(pdf, 71k\)](#)
- [6. Examples of Auditor's Reports on Compliance \(pdf, 33k\)](#)
- [7. Relief Associations \(pdf, 181k\)](#)
- [8. Uniform Financial Accounting and Reporting Standards \(UFARS\) for Minnesota School Districts and Charter Schools \(pdf, 18k\)](#)
- [9. Charter Schools \(pdf, 116k\) \(Reposted June, 2010\)](#)
- [10. Local Government Miscellaneous Provisions \(pdf, 79k\)](#)
- [11. Tax Increment Financing \(pdf, 25k\)](#)

#### • MS Word Format: Available in sections only

- [Introduction \(doc, 89k\)](#)
- [1. Depositories of Public Funds and Public Investments \(doc, 298k\)](#)
- [2. Conflicts of Interest \(doc, 197k\)](#)
- [3. Public Indebtedness \(doc, 398k\)](#)
- [4. Contracting - Bid Laws \(doc, 402k\)](#)
- [5. Claims and Disbursements \(doc, 229k\)](#)
- [6. Examples of Auditor's Reports on Compliance \(doc, 57k\)](#)
- [7. Relief Associations \(doc, 601k\)](#)
- [8. Uniform Financial Accounting and Reporting Standards \(UFARS\) for Minnesota School Districts and Charter Schools \(doc, 38k\)](#)
- [9. Charter Schools \(doc, 387k\) \(Reposted June, 2010\)](#)
- [10. County and City Miscellaneous Provisions \(doc, 253k\)](#)
- [11. Tax Increment Financing \(doc, 68k\)](#)

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# Deposits

Minn. Stat. Section	DEPOSITORIES OF PUBLIC FUNDS AND PUBLIC INVESTMENTS	Yes	No	Workpaper Reference
<b>Part I. Designation of Depository</b>				
§ 118A.02, subd. 1	A. In the case of a government entity:			
	1. Has each depository of public funds been designated by the government entity's governing body, or by its treasurer or chief financial officer, if the governing body has authorized them to make such a designation?			
§ 118A.01, subd. 3	2. Is each depository one of the following:			
	a. a savings association;			
	b. a commercial bank;			
	c. a trust company;			
	d. a credit union; or			
	e. an industrial loan and thrift company?			
§ 356A.06, subd. 8a	B. In the case of a relief association:			
	1. Has each depository for assets, not held by the relief association's custodian bank, been designated by the relief association's governing board?			
	2. Is each depository one of the following:			
	a. a national bank;			
	b. an insured state bank;			
	c. an insured credit union; or			
	d. an insured thrift institution?			





# Deposits and Investments

## Part II. Insuring or Securing Deposits

§ 118A.03	A.	If a government entity desires to deposit an amount in excess of deposit insurance, it must obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of the excess deposit at the close of the banking day. For the purpose of this section, "banking day" has the meaning given in Federal Reserve Board Regulation CC, 12 C.F.R. § 229.2(f), and incorporates a financial institution's cutoff hour established under Minn. Stat. § 336.4-108. If irrevocable standby letters of credit from Federal Home Loan Banks are used as collateral, the amount must be equal to the amount of the excess deposit at the close of the banking day.			
	B.	Review the following general principles of FDIC coverage and complete the spread sheet in this section to determine the amount of the government entity's funds that is not insured and thus need to be either bonded or collateralized. Deposits held by credit unions are covered by separate deposit insurance rules promulgated by the National Credit Union Administration (NCUA).			





**General Principles of FDIC coverage:**

1. Deposits are insured only if the depository is a member of FDIC.
2. Deposits in one depository are insured separately from deposits in another depository which is not a branch of the first one. However, a depository and all of the branches associated with it are treated as a single combined depository, and the funds deposited in the branches are aggregated for purposes of insurance coverage.
3. The aggregate of a government entity's interest bearing accounts, i.e., savings accounts, NOW accounts, and time deposits (CDs), with the same depository are insured up to a total of \$100,000.\* The aggregate of a government entity's non-interest bearing accounts, i.e., non-interest checking accounts, are insured up to a total of \$100,000\* and are insured separately from the government entity's interest-bearing deposits. This separate \$100,000 coverage for non-interest bearing accounts only applies if the depository is in the same state as the government entity.
4. A public authority, public corporation, public commission, or special district receives separate insurance coverage from its parent government entity only if it was created expressly by state statute and funds have been allocated for its exclusive use and control. Subordinate or nonautonomous divisions, agencies, or boards do not receive separate insurance coverage.
5. Funds held for a special purpose and required by law to be paid to bondholders or beneficiaries such as members of pension funds or relief associations are covered up to \$100,000 per bondholder or beneficiary whether the beneficial interest is vested or not. The fiduciary nature must be indicated on the account name in the bank's records.
6. If more than one person is legal or official custodian of funds for a government entity, each custodian is separately insured up to \$100,000. Also, if the same person is the custodian of funds for two separate government entities, the funds for the two government entities are separately insured.
7. Moneys held by a government entity in trust are insured separately from other government entity funds only if the trust is an irrevocable express trust and the account records indicate the name of both the settlor and the trustee.





# Conflicts of Interest

- A public officer authorized to take part in the making of a sale, lease, or contract shall not voluntarily have a personal financial interest in the transaction or personally benefit financially from it. Minn. Stat. § 471.87.
- Exceptions: For practical reasons, the legislature has created certain limited exceptions to the general prohibition. Exceptions apply to port authorities, seaway port authorities, economic development authorities, watershed districts, soil and water conservation districts, towns, school districts, hospital districts, counties and cities. Minn. Stat. § 471.88. Part I of this questionnaire will assist you in making a determination as to whether an otherwise forbidden transaction fits within any of the statutory exceptions. Care should be taken to determine whether any exception considered applies to the entity and contract being audited.
- For the purposes of this checklist, “interested officer” shall mean a public officer or employee, who directly or through his or her spouse has a prohibited position or interest in either the entity making or the subject matter of the sale, lease, or contract with the governing body.





# Public Indebtedness

- The authority of a local unit of government to incur indebtedness is governed by statute. Many local units of government have authority to issue bonds or certificates of indebtedness for specific purposes, often subject to restrictions on amount or duration. Some local units of government are authorized to enter into a lease-purchase agreement with a local bank, equipment company, or other entity. School districts, with certain limitations, have specific statutory authority to obtain a line of credit from a financial institution, as per [Minn. Stat. § 123B.12 \(b\)](#). However, absent this type of specific authority to obtain a loan or line of credit, governmental entities may not simply go to a financial institution and take out a conventional loan or line of credit.





# Contracts – Bid Law

- Minn. Stat. § 471.345, the Uniform Municipal Contracting Law, was established to provide dollar limits for all municipalities upon contracts which shall or may be entered into on the basis of competitive bids, quotations, or purchase or sale in the open market. Vendors may now submit bids, quotations, and proposals electronically in a form and manner required by the municipality. Minn. Stat. § 471.345, subd. 18.
- Generally, the following thresholds apply beginning August 1, 2008:
  - 1. For contracts over \$100,000--sealed bids, solicited by public notice and subject to the particular requirements of the governmental subdivision. [Prior to August 1, 2008, this threshold applied to contracts over \$50,000.\*]
  - 2. For contracts from \$25,000 to \$100,000--sealed bids or direct negotiation, with two quotations whenever possible. [Prior to August 1, 2008, this threshold applied to contracts from \$10,000 to \$50,000.\*]
  - 3. For contracts of \$25,000 or less--open market or quotations (with at least two contract quotations, if practicable). [Prior to August 1, 2008, this threshold applied to contracts of \$10,000 or less.\*]

\* For pre-August 1, 2008, contracts, apply Chapter 4 from the 2007 Legal Compliance Audit Guide.





# Claims and Disbursements

- Has every person or the person's agent claiming payment put such claim in writing (which includes an electronic transaction record) by items?
- Has each declaration for payment (described below) been signed to the effect that such account, claim, or demand is just and correct and that no part of it has been paid?





# Prompt Payment of Local Government Bills

- Were all bills paid within the time period set by the terms of the contract or within the standard payment period?
- Standard payment period is:
  - 35 days from receipt for governing boards that meet at least once a month;
  - 45 days from receipt of goods or services or invoice, whichever is later, for governing boards that do not meet at least once per month; and
  - 45 days from receipt for joint powers entities.





# Miscellaneous Provisions





# Minnesota Open Meeting Law

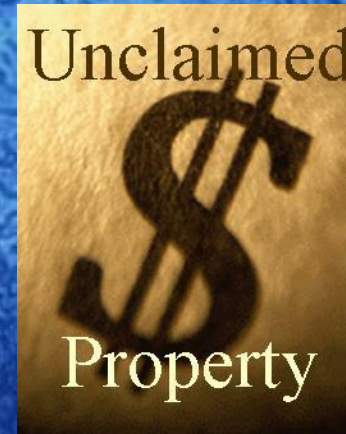
- (Applies to governing body of a school district, unorganized territory, county, city, town, or other public body; and to any committee, subcommittee, board, department, or commission of the public body.)
  - 1. Were all meetings of the governing board and of any committee, subcommittee, board, department, or commission of the governing board open to the public?
  - 2. If a meeting was closed, did the governing board state on the record the specific grounds permitting the meeting to be closed and describe the subject to be discussed?
  - 3. Were all closed meetings, except those closed as permitted by the attorney-client privilege, electronically recorded at the expense of the public body?





# Unclaimed Property

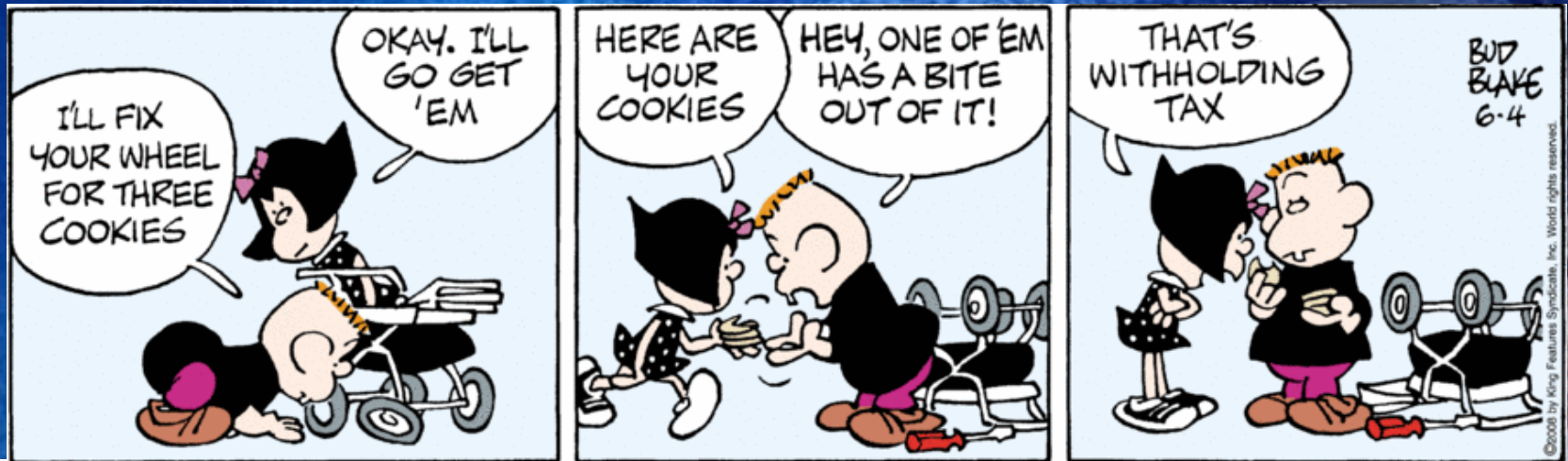
- (Applies to any court, public corporation, public authority or public officer of this state, or a political subdivision.)
- If the local government's records show unclaimed or uncashed checks or other intangible property held for more than three years (or one year for unpaid compensation); was the property reported and paid or delivered to the state Commissioner of Commerce pursuant to Minn. Stat. §§ 345.41, .43?





# Withholding Affidavit/Certificate

- (Applies to all local governments.)
- Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors, did the entity obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minn. Stat. § 290.92 (either Form IC-134 or a Contractor's Withholding Affidavit Confirmation)?





# Destruction of Records

- (Applies to all local governments.)
- If the entity disposed of government records, did it do so in compliance with a validly adopted records retention schedule or “Application for Authority to Dispose of Records?”





# ‘Public Purpose’

- (Applies to all local governments.)
- Did the entity refrain from donating money to people, nonprofit organizations, and charities unless allowed by specific authority?
- Did the entity refrain from paying for Christmas parties and other employee social events?
- Did the entity refrain from paying retroactive bonuses or pay increases unless the bonus or pay increase was paid under a pre-existing agreement or pursuant to collective bargaining?





# Out-of-State Travel Policy

- (Applies to each city, county, school district, regional agency, or other political subdivision, except a town.)
- Does the unit of government have on record a policy that controls travel outside the state of Minnesota for the applicable elected officials of the relevant unit of government?
- Was the policy initially approved and were subsequent changes, if any, approved by a recorded vote?
- Does the policy specify:
  - a. when travel outside the state is appropriate;
  - b. applicable expense limits; and
  - c. procedures for approval of the travel?
- Is the policy available for public inspection upon request?





# Statement of Positions

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### Statements of Position

The Office of the State Auditor prepares Statements of Position to provide an educational resource to local governments, auditors and the public. The Statements of Position address topics that have arisen or may arise as a result of the State Auditor's oversight of local government. Statements of Position are not legal advice and should not be relied upon in lieu of legal advice.

Statements of Position are developed after careful review of current state law, including Minnesota Statutes, relevant Minnesota case law and Minnesota Attorney General Opinions. Attorney General Opinions are helpful in guiding the actions of public officials and are often accorded substantial deference by the courts.

Statements of Position are subject to revision.

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#### Accounting

[Asset Inventories \(pdf, 41k\)](#)

[Check 21 Act \(pdf, 67k\) \(Revised 3/2007\)](#)

[County Law Libraries \(pdf, 40k\) \(Revised 10/2008\)](#)

[County Sheriff Canteen Operations \(pdf, 29k\)](#)

[Enterprise Fund Accounting \(pdf, 39k\) \(Revised 9/2008\)](#)

[Forfeiture Proceeds and County Attorney Checking Accounts \(pdf, 38k\) \(Revised 11/2007\)](#)

[Fund Balances for Local Governments \(pdf, 49k\)](#)

[OPEB Liability Calculation for Implicit Rate Subsidy \(Alternative Approach\) \(pdf, 89k\) \(Revised 9/2008\)](#)

[Temporary Interfund Loans \(pdf, 63k\) \(Revised 10/2008\)](#)

#### Borrowing and Debt

[Borrowing and Debt: Towns \(pdf, 48k\)](#)

#### Contracting

[City Bidding and Contract Requirements \(pdf, 102k\) \(Revised 4/2010\)](#)

[County Bidding and Contract Requirements \(pdf, 105k\)](#)

[Contract Changes, Addendums and Contract Work Orders \(pdf, 20k\) \(Revised 10/2008\)](#)



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## Avoiding Pitfalls

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### Administrative Penalties

[Administrative Traffic Citations](#)

### Accounting Policies

[Documentation of Accounting Policies and Procedures](#)  
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[Policy for Account Adjustments and Write-offs](#)  
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### Audits

[Audits of Towns or Small Cities with Combined Clerk/Treasurers](#)  
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### Bonds

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### Compensation

[County Commissioner Compensation](#)  
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# Federal Compliance

- The “Single Audit Act”
- Audit of compliance with federal program requirements
- Expend >\$500,00 of federal awards
- 14 categories of requirements
- Combined with financial audit





# Questions

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